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No. ..-...
IN THE

# Supreme Court of the United States

October Term, 1983

STUART-WESTERN, INC.,

*Petitioner,*

*vs.*

COOLING SYSTEMS AND FLEXIBLES, INC.,

*Respondent.*

**Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.**

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## Question Presented.

Should damages for infringement of a copyright on a booklet listing automobile radiators be measured by sales of the radiators listed in the booklet, or should the copyright damages be limited to sales to the copyrighted work itself?*

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*Stuart Radiator, Inc. is a dba of Stuart Western, Inc. Stuart Western has one subsidiary, the Red Dot Corporation, a Delaware corporation. There are no parents or other affiliates.

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**Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.**

## Opinions Below.

The District Court entered a minute order but did not write an opinion. The decision of the Court of Appeals for the Ninth Circuit, reproduced in the appendix, is not reported.

## Jurisdiction.

The Court of Appeals for the Ninth Circuit entered judgment reversing the District Court on June 20, 1983, and neither party sought rehearing. This Court's jurisdiction is based on 28 U.S.C. §1254(1).

## Constitutional Provisions and Statute.

Article I, Section 8, cl. 8 of the United States Constitution provides as follows:

> "Congress shall have the power: . . . To promote the Progress of Science and the useful Arts by securing

for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

The damages Section of the Copyright Act provides in 17 U.S.C. §504(b), 90 Stat. 2585:

"(b) Actual Damages and Profits. The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work."

**Statement of Case.**

This action was started by Respondent against Petitioner as a suit for copyright infringement in the United States District Court for the Central District of California. Jurisdiction of the District Court was based on 28 U.S.C. §1338. On August 24, 1982, The District Court granted Petitioner's motion to dismiss, a judgment reversed by the Court of Appeals for the Ninth Circuit.

The case presents a simple but very important issue as to which the facts are not in dispute. Should damages for infringement of a copyright on a booklet listing automobile radiators be measured by sales of the radiators listed in the booklet, or should the copyright damages be limited to sales to the copyrighted work itself?

Both Petitioner and Respondent sell replacement radiators which ultimately are installed by repair shops in used cars throughout the country. In 1980, Respondent published a copyrighted booklet listing certain radiators. In 1981, Petitioner published a booklet which purported to list all

automobile radiators available in the replacement market.

Upon Respondent's first verbal complaint, Petitioner made a good faith effort to avoid litigation by collecting all alleged infringing material in its possession, and on January 15, 1982, all such booklets were destroyed. On January 22, 1982, only after this destruction was complete, Respondent applied to the Registrar of Copyright for a Certificate of Registration on its work. There has been no infringement of Respondent's copyright since registration.

Respondent's delay in registration prevents Respondent from recovering statutory damages as provided by 17 U.S.C. §504(c), 17 U.S.C. §412. Respondent's recovery is consequently limited to "the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages" 17 U.S.C. §504(b).

Although the Court of Appeals spoke of a triable issue with respect to damages, the real issue was whether Petitioner could recover profits from sale of utilitarian, unprotected devices. For the purpose of this Petition only, this Court can assume that Respondent lost radiator sales and Petitioner profited from radiator sales following distribution of Petitioner's booklet. It was undisputed that Petitioner never made a profit on the allegedly infringing work, and Respondent never lost any profits on its coyrighted work. For the purpose of this Petition only, this Court can also assume that Petitioner infringed Respondent's copyright by copying some material from Respondent's booklet, though the Court of Appeals determined that there were issues of fact ralting to infringement.

Petitioner filed a motion to dismiss the complaint on the grounds that no recovery was possible if relief was limited

to the copyrighted work itself. The District Court granted the motion. The Court of Appeals reversed, holding that copyright infringement damages could extend to sales of the uncopyrighted devices listed in the work. The Court said,

> "The relevant inquiry in a catalog case is not the narrow one of profits and losses with respect to catalog sales, but the broader one of profits and losses from infringement. 17 U.S.C. 504(b)."

## REASONS FOR GRANTING THE WRIT.

The question presented has far-reaching implications, because the theory of the Court of Appeals would extend the limited monopoly of a copyright far beyond the scope of the copyrighted work by awarding damages or royalties on devices which are in the public domain. This Court has repeatedly rejected the extension of patent and copyright monopolies beyond the limits of the particular item of intellectual property created by the inventor or author.

This is a constitutional issue. The monopolies of the authors and inventors are limited "to their respective Writings and Discoveries," U.S. Const. Art. I, §8. Simply, an author's rights do not extend to devices in the public domain which he did not create.

Given the public policy disfavoring the existence of private monopolies, this Court has cautioned against extending the rights granted under the patent or copyright laws further than clearly intended by Congress or permitted by the Constitution. *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 11 L.Ed.2d 661, 84 S.Ct. 784 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 11 L.Ed.2d 669, 84 S.Ct. 779 (1964). This Court, for example, has condemned extension of the patent monopoly to unpatented supplies used with the invention, *Morton Salt v. Suppiger Co.*, 314 U.S. 488, 315 U.S. 788, 86 L.Ed. 363, 62 S.Ct. 402 (1942), to unpatented components of the invention, *Mercoid v. Mid-Continent Inv. Co.*, 320 U.S. 661, 88 L.Ed. 376, 64 S.Ct. 268 (1944), to unpatented parts from which the invention may be assembled abroad, *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 32 L.Ed.2d 273, 92 S.Ct. 1700 (1972), and to devices in the public domain, *Scott Paper Co. v. Marcalus Manufacturing Co.*, 326 U.S. 249, 90 L.Ed. 47, 66 S.Ct. 101 (1945). The Court has

condemned extension of the monopoly in time, *Brulotte v. Thys*, 379 U.S. 29, 13 L.Ed. 2d 99, 85 S.Ct. 176 (1964), and condemned use of one copyright monopoly to create a market for a separate copyright, *United States v. Paramount Pictures*, 334 U.S. 131, 92 L.Ed. 1260, 68 S.Ct. 915 (1948), and *United States v. Lowe's, Inc.*, 371 U.S. 38, 9 L.Ed.2d 11, 83 S.Ct. 97 (1962). Nor can the copyright monopoly be extended to prevent use of the underlying idea or use of the work for a purpose not specifically within the exclusive rights granted by the monopoly. *Forthrightly Corp. v. United Artists Television*, 392 U.S. 390, 20 L.Ed.2d 1176, 88 S.Ct. 6084 (1968).

In keeping with these cases, the Court should condemn extension of the monopoly of the copyright on a printed work to the unpatented and uncopyrighted devices listed in the work.

This Court addressed a similar issue in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 84 L.Ed. 825, 60 S.Ct. 681 (1939). There, the Court was concerned with the measure of damages in a copyright infringement action where the infringer's profits resulted partly from the plaintiff's copyrighted play and partly from uncopyrighted contributions of the defendant, *i.e.*, popular actors, scenery, and advertising. The Court refused to permit recovery of damages for the additional items which the copyright owner did not create. For the same reasons, Respondent should not be able to recover damages here for unprotected automobile radiators it did not create. Too many factors apart from the booklet are necessarily responsible for the sale of Petitioner's radiators, such as Petitioner's costs, selling price, manufacturing efficiency, distribution efficiency, warranty, and customer service.

The legal issue presented here has ramifications far beyond the business of selling radiators for used cars. At issue

here is the concern of every business person that the owner of a copyright on any product, be it a book, photograph, song, or even a computer program, will be able to claim damages for copyright infringement based on the entire sales of a business where a copyrighted work is infringed in advertising.

This question presented is ripe for decision now. There are no factual issues if damages and profits cannot be recovered on radiator sales. The issue is an important issue of federal law which should be settled by this Court, and if the Court were to decline Certiorari now, the parties would be required to undergo a prolonged federal court trial of state claims for unfair competition joined under 28 U.S.C. §1338(b).

**Conclusion.**

Petitioner respectfully submits that a Writ of Certiorari should issue and that the decision of the Court of Appeals for the Ninth Circuit should be reversed.

Respectfully submitted,

PHILIP W. BOESCH, JR.,
*Attorney for Petitioner.*

*Of Counsel:*

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## APPENDIX.

### Notice of Entry.

United States District Court, Central District of California.

Cooling Systems & Flexibles, Inc., Plaintiffs, vs. Stuart Radiator, Inc., et al., Defendants. CV 82-1512-R.

To the Above Named Parties and to Their Attorneys of Record:

You are hereby notified that Judgment and Order that plaintiff's Complaint shall be hereby dismissed in the above entitled case was entered in the docket on August 24, 1982.

You are also notified that if this case was tried and you introduced exhibits into evidence, they must be claimed at this office *after* the expiration of thirty days from the receipt of this notice. (After *sixty* days in cases in which the United States, its officers or agencies were parties) Unless they are claimed within thirty days after the expiration of the above period, they will be destroyed pursuant to Local Rule 20(a). If an appeal is taken they will, of course, be held until the Appellate Court finally determines the matter. Exhibits which are attached to a pleading will not be destroyed but will remain as a permanent record in the case file.

Certificate of Mailing

I, Edward M. Kritzman, Clerk, United States District Court, Central District of California, and not a party to the within action, hereby certify that on August 24, 1982, I served a true copy of this notice of entry on the parties in the within action by depositing true copies thereof, enclosed in sealed envelopes, in the United States Mail in the United

States Post Office mail box at Los Angeles, California, addressed as follows:

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Edward M. Kritzman, Clerk
By Janice C. Deal
Deputy Clerk

*NOTICE*

In Actions Arising Under the Economic Stabilization Act, the Emergency Petroleum Allocation Act, and the Energy Policy and Conservation Act, Notices of Appeal Taken From This Judgment Must Be Filed in the Temporary Emergency Court of Appeals in Accordance With the Rules of Procedure of That Court.

**Memorandum.**

United States Court of Appeals for the Ninth Circuit.

Cooling Systems and Flexibles, Inc., a California corporation, Plaintiff-Appellant, vs. Stuart Radiator, Inc., Stuart-Western, Inc., Defendants-Appellees. No. 82-5806. D.C. No. CV 82-1512-R.

Filed: June 20, 1983.

Appeal from the United States District Court for the Central District of California.

Honorable Manuel Real, United States District Judge, Presiding.

Argued and Submitted: May 3, 1983.

Before: CHAMBERS, KENNEDY, and HUG, Circuit Judges.

Although the judgment entered by the district court was a dismissal of appellant's complaint, we discern that the district court considered matters outside of the pleadings and that its action actually constituted a grant of summary judgment in favor of appellees. We may affirm a grant of summary judgment only if it appears from the record, after viewing all evidence and factual inferences in the light most favorable to the appellant, that there are no genuine issues of material fact, and the appellees are entitled to prevail as a matter of law. *Dosier v. Miami Valley Broadcasting Corp.*, 656 F.2d 1295, 1300 (9th Cir. 1981); *Heiniger v. City of Phoenix*, 625 F.2d 842, 843 (9th Cir. 1980).

Applying this standard, we find that there is a triable issue of fact with respect to infringement. Selection, design, and synthesis may, in some circumstances, constitute sufficient originality to merit copyright protection. *See United States v. Hamilton*, 583 F.2d 448 (9th Cir. 1978) (finding map copyrightable). Although the idea of an illustrated radiator catalog is not copyrightable, a compiler's individual

effort, if sufficiently original, is entitled to protection. *See* 1 M. Nimmer, Nimmer on Copyright (1982) § 2.04[B] (catalogs copyrightable if sufficient originality). On the record before us, we cannot say that as a matter of law appellant's catalog is not entitled to copyright protection. Further, the allegation that intentional errors in appellant's catalog were copied raises a triable issue of fact with respect to willful infringement.

We also find a triable issue with respect to damages. The relevant inquiry in a catalog infringement case is not the narrow one of profits and losses with respect to catalog sales, but the broader one of profits and losses resulting from the infringement. 17 U.S.C. § 504(b). Damages in this case are admittedly hard to quantify, but the declaration of Ramesh Dolwani raises material issues with respect to profits by appellees and losses by appellant attributable to the infringement alleged. These matters must be resolved at trial.

The judgment of the district court is therefore reversed, and the case is remanded. We do not reach the questions of the availability of statutory damages or the availability of injunctive relief.

REVERSED and REMANDED.

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COOLING SYSTEMS AND FLEXIBLES, INC.,

*Respondents.*

## RESPONSE TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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## QUESTION PRESENTED

Whether the relevant inquiry for damages in a catalog infringement case is one of profits and losses resulting from the infringement, or is inquiry strictly limited to the narrow question of whether a profit or loss resulted from the actual sale of the catalog itself.

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*Respondents.*

## RESPONSE TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Respondents Cooling Systems and Flexibles Inc., submit this Memorandum in response to the Petition of Stuart Western, Inc. for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case. The factual representations and legal theory propounded by the petitioners do not justify a review by the Supreme Court for the following reasons:

1. Petitioners have mischaracterized the nature of this action and the decision by the Ninth Circuit in order

to invoke a review by this Court. The decision by the Ninth Circuit Court of Appeals does nothing more than re-state the clear meaning of 17 U. S. C. 504(b).

17 U. S. C. 504(b) states that: "The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. . . ."

2. The Petitioner totally mischaracterized the Ninth Circuit opinion by stating that it extends copyright monopoly to areas not within the exclusive rights granted by the monopoly. There is no extension of copyright monopoly if recovery of actual damages and profits are limited to those attributable to the infringement.

3. The trial court must first determine whether or not any damages or profits are, in fact, attributable to the infringement. Lack of profit on the sale of the actual radiator catalog itself does not preclude the existence of damages and profits attributable to copyright infringement.

4. There is no unfairness to petitioner from the Ninth Circuit opinion. If, in fact, petitioner can prove at trial that facts other than copyright infringement were responsible for sale of petitioner's radiators, or a reasonable basis exists for apportioning profits, the procedure sanctioned in *Sheldon v. Metro Goldwyn Pictures Corp.*, 309 U. S. 390, 84 L. Ed. 824, 60 S. Ct. 681 (1939) may be followed.

5. The question is not ripe for decision as no factual determinations have been made by trial to properly determine the questions for appeal.

6. There are no constitutional issues of great importance to be resolved in this case, as the Ninth Circuit Court of Appeals found their clarification and interpretation of 17 U. S. C. 504(b) so obvious as to merit only a Memorandum of Opinion, not even certified for publication.

7. Great delay has already been caused through the erroneous dismissal before trial of respondents' complaint for copyright infringement. Further delay through granting of a Writ would not be in the interest of justice.

## CONCLUSION

The petitioner's request is premature and inappropriate as the decision by the Ninth Circuit is based on the clear and unambiguous language of 17 U. S. C. 504(b).

Respectfully submitted,

RONALD C. STOCK
*Attorney for Respondents*
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Dated: October 1983